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Message Text

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ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 EB-03 INR-05 CIAE-00 NSC-05
NSCE-00 SP-02 L-01 PRS-01 OMB-01 /040 W
----------091119Z 084607 /10
P R 090650Z MAR 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC PRIORITY 7452
DEPT OF TREASURY PRIORITY
INFO AMEMBASSY ABU DHABI
AMEMBASSY JIDDA

C O N F I D E N T I A L KUWAIT 1255

LIMDIS

TREASURY FOR DEPSEC SOLOMON

E.O. 11652: GDS
TAGS: EFIN KU PFOR
SUBJECT: SHAIKH ALI KHALIFA AL-SABAH VISIT TO U.S.

REF: (A) STATE 048900 (NOTAL), (B) KUWAIT 0981 (NOTAL.

1. QUERIED MARCH 8 ABOUT TRIP TO U.S., FINANCE MINISTRY UNDERSECRETARY SHAIKH ALI KHALIFA TOLD E/C SECTION CHIEF THAT HE WILL RAISE WITH DEP. TREAS. SEC. SOLOMON KUWAIT'S CONCERN OVER LEGISLATION PENDING BEFORE CONGRESS WHICH WOULD REQUIRE FORMAL REPORTING ON FOREIGN INVESTMENTS AMOUNTING TO AS LITTLE AS TWO PERCENT, AND IN SOME CASES ONE HALF PERCENT OF THE SHARES OF A GIVEN COMPANY. SHAIKH ALI NOTED THAT USG, THROUGH DEBRIEFING BY BANK OFFICIALS, IS WELL-INFORMED ON KUWAITI INVESTMENT IN U.S. WHAT CONCERNS HIM IS THAT PENDING LEGISLATION COULD LEAD TO PLETHORA OF REQUIRED REPORTS, WHICH, EVEN IF CONFIDENTIAL, MIGHT FIND THEIR WAY TO THE PRESS. IN THIS CONTEXT HE RECALLED WITH DISPLEASURE INCIDENT SOME TIME AGO WHEN NEW YORK STATE
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BANK EXAMINER MADE PUBLIC STATEMENT EXPRESSING FEAR THAT KUWAIT MIGHT "WITHDRAW ITS DEPOSITS OVERNIGHT" FROM FIRST NATIONAL CITY BANK. SCARE STROIES SUCH AS THESE, RESULTING FROM DISCLOSURE OF KUWAITI INVESTMENTS WERE SILLY, SHAIKH ALI SAID, SINCE, IN THE FIRST PLACE, FUNDS WERE PRIMARILY USG INSTRUMENTS AND WOULD NOT AFFECT BANKS'S LIQUIDITY, AND SECONDLY, THERE WOULD BE NO REASON FOR KUWAIT TO WITHDRAW

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THE FUNDS, THERE BEING NO OTHER SUFFICIENTLY DIVERSIFIED
MARKET FOR THEM. ANY FUNDS TRANSFERRED ABROAD WOULD SIMPLY
COME BACK TO THE U.S., WITH KUWAIT EARNING LESS OF A RETURN.

2. BESIDES TREASURY, SHAIKH ALI HAS APPOINTMENT AT FEDERAL
RESERVE IN WASHINGTON MARCH 14.

3. UNDERSECRETARY SAID HE WILL MEET WITH FNCB IN NEW
YORK TO DISCUSS SETTING UP KUWAITI BANK THERE TO HANDLE
KUWAITI INVESTMENT IN U.S. BANK WOULD START OFF WITH
TECHNICAL ASSISTANCE FROM FNCB, BUT SOON EVOLVE INTO BANK
INDEPENDENT OF FNCB, SHAIKH ALI PREDICTED, SINCE TOO CLOSE
A CONTINUING RELATIONSHIP COULD RAISE POSSIBLE CONFLICT OF
INTEREST COMPLICATIONS, GIVEN ON-GOING FNCB RELATIONSHIP
WITH GOK FINANCE MINISTRY.

4. SHAIKH ALI APPRECIATED TREASURY'S SUMMARY OF FEDERAL
LAWS BEARING ON FOREIGN INVESTMENT IN US, WHICH EMBOFF GAVE
HIM. PLEASE AIRPOUCH ANY FURTHER INFORMATION ON THIS
SUBJECT SINCE ITS JUNE 1975 PUBLICATION, AS WELL
AS ANY INFO AVAILABLE ON INVESTMENT REPORTING REQUIREMENT
IN BILLS REFERRED TO BY SHAIKH ALI.

5. COMMENT: E/C SECTION CHIEF'S APPOINTMENT WITH SHAIKH
ALI WAS DELAYED BY PRESS OF LATTER'S VISITORS AND
TIME AVAILABE FOR DISCUSSION WAS CURTAILED AS A RESULT.
THUS THERE WAS NO OPPORTUNITY TO DISCUSS BOYCOTT QUESTION,
BUT EMBASSY BELIEVES THAT IT WOULD BE USEFUL FOR THIS
SUBJECT TO BE RAISED DURING HIS VISIT TO TREASURY,
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PARTICULARLY IN LIGHT OF RECENT SAUDI ARABIAN ACCEPTANCE
OF POSITIVE CERTIFICATIONS, A PRACTICE TOWARD WHICH GOK
SEEMS TO BE MOVING, BUT HAS NOT YET ADOPTED.
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Message Attributes

Automatic Decaptioning: Z
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Concepts: VISITS, MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Mar-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Reason:
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Subject: SHAIKH ALI KHALIFA AL-SABAH VISIT TO U.S.
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